

## Data Sheet

<b>USAID Mission:</b>	Tajikistan
<b>Program Title:</b>	Small and Medium Sized Enterprises
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	119-0131
<b>Proposed FY 2004 Obligation:</b>	\$5,000,000 FSA
<b>Prior Year Unobligated:</b>	\$974,000 FSA
<b>Proposed FY 2005 Obligation:</b>	\$4,700,000 FSA
<b>Year of Initial Obligation:</b>	2001
<b>Year of Final Obligation:</b>	FY 2006

**Summary:** USAID's program to improve the environment for the growth of small/medium enterprises (SMEs) includes training and technical assistance to increase opportunities to acquire business information, knowledge, and skills; support more responsive financial institutions, instruments, and markets; and improve the implementation of laws and regulations.

### Inputs, Outputs, Activities:

#### FY 2004 Program:

Business Skills and Information (\$1,076,000 FSA, \$231,922 FSA carryover). USAID's Enterprise Development Project (EDP) will deliver business and trade advisory services to 120 clients near Dushanbe and Khujand and foster trade links with businesses in Afghanistan. On average, it is expected that client sales and productivity will increase by 18% and 10%, respectively. In addition, the project will train, test, and certify accountants in International Accounting Standards (IAS). Approximately 125 Tajik accountants will earn the Certified Accounting Practitioner designation and an additional 25 will earn the advanced Certified International Professional Accountant designation. An IAS curriculum will be implemented in higher education institutions. Principal contractor/grantee: Pragma Corporation.

To improve the quality of business and economics education, USAID will provide support to strengthen the quality of higher education, thereby better preparing youth to participate in a market economy. The program will train professors in modern business and economics and work with administrators at universities to build capacity and develop economics and business programs that meet international standards. USAID, in partnership with Junior Achievement International (JAI), will provide business and economics training to teachers and build administrative capacity in the JAI local chapter. Principal contractors/grantees: Carana Corporation (prime) and JAI (prime).

Access to Capital (\$1,733,000 FSA, \$642,002 FSA carryover). USAID will support microfinance institutions through technical advice and lending capital, particularly in underserved, agricultural areas. USAID will partner with the European Bank for Reconstruction and Development's (EBRD) Micro and Small Enterprise Finance Facility to train loan officers that manage credit lines of \$7 million. Principal contractors/grantees: Agricultural Cooperative Development International/Volunteers for Overseas Cooperative Assistance (prime) and EBRD (prime).

Improve the Implementation of Laws and Regulations (\$2,191,000 FSA, \$100,000 FSA carryover). USAID's Trade Facilitation and Investment project will work with associations and the government to improve the legal and regulatory environment for businesses, particularly in the Ferghana Valley, where customs and administrative barriers severely inhibit the flow of trade between the countries that share the valley. Assistance in support of World Trade Organization accession will continue with the provision of expertise for the development of a new, compliant customs code. Principal contractor/grantee: Pragma Corporation.

Work with the National Bank will concentrate on implementing the Basel Core Principles, which will strengthen supervision and reliability of the banking system. USAID will continue to institute the bank supervision system and to train bank staff. Assistance to the Ministry of State Revenues and Duties (MSRD) to develop a Central Taxpayer Registration system for a new, national taxpayer register will continue and form the basis of tax accounting and compliance control. USAID will fund a macroeconomic advisor to the President's State Advisor to improve the budgeting process and allocation of scarce public investment funds. Principal contractor/grantee: BearingPoint (prime).

USAID will continue training programs for the Tajik judiciary in commercial, civil, and criminal law. These programs foster the development of local training capacity, thereby creating the basis for self-sustaining programs and ongoing institutional development. Assistance in developing commercial law will continue as USAID collaborates with government working groups on drafting a new pledge law and franchising law. Additionally, USAID will provide limited technical assistance to promote land reform, particularly to strengthen leasing arrangements. Principal contractor/grantee: Associates in Rural Development, Inc./Checchi.

**FY 2005 Program:**

Business Skills and Information (\$1,400,000 FSA). The EDP will continue to deliver advisory services and training, focusing on the implementation of IAS in client businesses. Improving agribusiness in the Ferghana Valley and trade links with neighboring countries, including Afghanistan, will be a priority. Principal contractor/grantee: Pragma Corporation.

Access to Capital (\$1,780,000 FSA). Assistance to microfinance institutions will build their capacity to provide services on a sustainable basis. Work with the National Bank will further implement Basel Core Principles to improve supervisory capabilities, including support for the adoption and implementation of compliant legislation. Principal contractor/grantee: BearingPoint.

Improve the Implementation of Laws and Regulations (\$1,520,000 FSA). Assistance for World Trade Organization accession will continue as well as efforts to strengthen partnerships between the government and the business community, as a way of improving the policy and legal conditions for businesses. Efforts to improve cross-border trade in the Ferghana Valley also will continue. Depending on resource levels, USAID may continue a regional land reform project, which provides legal assistance to farmers, enabling them to better exercise and protect their land rights. Principal contractor/grantee: Pragma Corporation.

**Performance and Results:** USAID activities achieved important results in FY 2003. USAID secured approval from the Ministry of Education and the rectors of business universities to introduce USAID-developed IAS courses. This represents a major step forward in developing the next generation of accountants. USAID worked with the Ministry of State Revenues and Duties to develop a new Central Taxpayer Registration system, which will form the basis of tax accounting and compliance control. This important achievement is the first step in actually implementing a taxpayer service unit and developing a single taxpayer identification number that integrates tax registration with that of the social fund and customs procedures. USAID assisted the National Bank of Tajikistan to complete the first implementation phase of FinA (financial analysis) banking supervisory software, a system previously implemented in Kyrgyzstan. The new system will establish a regulatory and reporting framework, enabling the National Bank to recognize potential problems in the banking system before they arise. After conducting a trade mission in May 2003, the EDP project facilitated its first trade deal between Tajik and Afghan businesses. The deal was completed in October 2003 and involved an Afghan builder who purchased \$75,000 in lumber.

Entrepreneurs are currently being introduced to a wide array of modern business methods and practices, which will provide the basis for sustained economic growth in Tajikistan. By the end of the strategic objective, it is expected that microfinance, trade promotion, a modern legal and regulatory environment, the adoption of international accounting standards, and accession to the WTO will expand entrepreneurial opportunities and competitiveness.